OAH 8-1004-19793-1
Governor's Tracking No. AR 320

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS

FOR THE DEPARTMENT OF COMMERCE

In the Matter of the Proposed Rules of the State Department of Commerce Governing Credit Life and Credit Accident and Health Insurance, *Minnesota Rules*, Chapter 2760.

REPORT OF THE ADMINISTRATIVE LAW JUDGE

Administrative Law Judge Eric L. Lipman conducted a hearing concerning the above rules beginning at 9:30 a.m. on September 10, 2008, in the Summit Room of the Department of Commerce's offices at 85 – 7th Place East, Suite 500, St. Paul, Minnesota, 55101. The hearing continued until all interested persons, groups and associations had an opportunity to be heard concerning the proposed rules.

The hearing and this Report are part of a larger rulemaking process governed by the Minnesota Administrative Procedure Act.[1] The Minnesota Legislature has designed this process so as to ensure that state agencies have met all of the requirements that the state has specified for adopting rules. Those requirements include assurances that the proposed rules are necessary and reasonable; that they are within the agency's statutory authority; and that any modifications that the agency may have made after the proposed rules were initially published are within the scope of the matter that was originally announced.

The hearing is intended to allow the agency and the Administrative Law Judge reviewing the proposed rules to hear public comment regarding the impact of the proposed rules and what changes might be appropriate. The Administrative Law Judge is employed by the Office of Administrative Hearings (OAH), an agency that is independent of the Department of Commerce (Department or Commerce).

The members of the Department's hearing panel were Alberto Quintela (Minnesota Department of Commerce), Susan Bergh (Minnesota Department of Commerce), William F. Burfiend (Consumer Credit Industry Association), Christopher Hause (Hause Actuarial Solutions), Steven D. Ostlie (Senior Counsel, Securian Financial Group). Seven members of the public signed the hearing register and no members of the public spoke at the hearing.

The Department received no written comments on the proposed rules before the hearing. After the hearing, the record remained open for 5 working days, until

[1] Minn. Stat. §§ 14.131 through 14.20.

September 17, 2008, to allow interested persons and the Department an opportunity to submit written comments. The OAH hearing record closed on September 24, 2008. No comments were submitted during the post-hearing comment period.

SUMMARY OF CONCLUSIONS

The Department has established that it has the statutory authority to adopt the proposed rules and that the rules are necessary and reasonable.

Based upon all the testimony, exhibits, and written comments, the Administrative Law Judge makes the following:

FINDINGS OF FACT

Nature of the Proposed Rules

1. This rulemaking proceeding involves revising the rules governing the Department's review of credit insurance rates and forms.

2. Credit insurance is a form of term insurance that is sold in connection with consumer lending transactions, and is a highly regulated insurance offering under state law. Minnesota Statutes, Chapter 62B regulates the types of policies of credit insurance polices that may be offered for sale in Minnesota; limits the size of policies relative to debts; establishes term periods, requiring refunds in the event of loan prepayment; and mandates policy provisions, rates, forms and policy delivery terms. Likewise important, under Chapter 62B, the Commissioner of Commerce has the authority to review insurance premium rates and to impose sanctions for violations of orders concerning credit insurance.[2]

3. Minnesota's credit insurance laws require, among other things, that credit insurance companies file their policy forms and rates for review and approval by the Department. During this review, Minn. Stat. § 62B.07 directs the Commissioner to "give full consideration to and make reasonable allowances for underwriting expenses, including but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03 … and any and all other factors and trends demonstrated to be relevant." As summarized in the current regulations, "Minnesota insurance code authorizes the commissioner of commerce to disapprove any credit life or credit accident and health insurance forms 'if the premium rates charged or to be charged are excessive in relation to benefits ….'"[3]

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[2] *See,* Minn. Stat. §§ 62B.07 and 62B.14 (2006).

[3] Minn. R. 2760.0200 (2007).

4. The proposed rule establishes a set of *prima facie* rates that may be used by credit insurers without further proof of reasonableness. Without such a schedule of *prima facie* rates, the Department would be obliged to review each company's rate filing separately for reasonableness – an approach that creates high costs for both the Department and the regulated companies. The Department argues that the proposed rules will be a cost-effective method of ensuring that regulated companies are meeting the State's loss-ratio expectations.[4]

5. The Department's preferred regulatory approach follows the methodology used in the National Association of Insurance Commissioners Model Act and regulations – and proposes to use NAIC forms and infrastructure in order to meet regulatory objectives.[5]

6. The Department has collaborated with industry representatives and interested stakeholders in order to develop a new set of rules that will establish *prima facie* premium rates, streamline the rate approval process, improve policy benefits for Minnesota consumers and promote a fair and stable marketplace for purchasers of credit insurance products.[6]

7. The Department first adopted rules in this area in 1968. Since that time, the rules have been amended and renumbered several times, with the last revision occurring in 1987.[7]

8. In developing the proposed rules the Department undertook talks with various industry members of the Consumer Credit Industry Association, an outside actuarial consultant and the consumer representative of the National Association of Insurance Commissioners.[8]

Procedural Requirements of Chapter 14

9. On December 26, 2007, the Department published a Request for Comments in the *State Register*.[9]

10. By letter dated July 15, 2008, the Department requested that the Office of Administrative Hearings schedule a hearing and assign an Administrative Law Judge.

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[4] *See,* SONAR at 3 - 5.

[5] *Id.* at 7; Ex. 2 (Proposed Rule 2760.0080).

[6] SONAR at 3 – 5; Exhibits 12, 13 and 14.

[7] SONAR at 2; *In the Matter of the Proposed Amendments to the Rules Relating to the Sale of Credit Life Insurance*, OAH Docket No. 8-1004-1908-1 at 8 (1998) (included at Ex. 3).

[8] SONAR at 7.

[9] Ex.1.

On that day, the Department also filed a proposed Notice of Hearing, a copy of the proposed rules and a draft of the Statement of Need and Reasonableness (SONAR).[10]

11. In a letter dated July 22, 2008, the undersigned approved the Department's Notice of Hearing and Additional Notice Plan, contingent upon the addition of two entities to the Additional Notice Plan.[11]

12. On August 5, 2008, the Department mailed the Notice of Hearing to all persons and associations who had registered their names with the agency for the purpose of receiving such notice and to all persons identified in the additional notice plan. The Notice of Hearing stated that a free copy of the proposed rules was available upon request from the agency contact person.[12]

13. On August 5, 2008, the Department sent a copy of the Notice of Hearing and Statement of Need and Reasonableness to the legislators specified in Minn. Stat. § 14.116.[13]

14. On August 5, 2008, the Department mailed a copy of the Statement of Need and Reasonableness to the Legislative Reference Library.[14]

15. On August 11, 2008, the proposed rule and the Notice of Hearing were published at 33 *State Register* 280.[15]

16. On the day of the hearing the following documents were placed in the record:

- The Request for Comments published on December 26, 2007 at 31 *State Register* 805 (Ex. 1);
- A copy of the proposed rules with Revisor's approval dated July 14, 2008 (Ex. 2);
- A copy of the Statement of Need and Reasonableness (SONAR) dated May 19, 2008 (Ex. 3);
- Copies of supporting material, including: The Final Rule Report in *the Matter of the Proposed Amendments to the Rules Relating to the Sale of Credit Life Insurance*, OAH Docket No. 8-1004-1908-1 (1998); an excerpt

[10] Letter from Susan Bergh (July 15, 2008).

[11] *See,* Letter of Hon. Eric L. Lipman (July 22, 2008).

[12] Exs. 5, 6 and 7.

[13] Ex. 9.

[14] Ex. 4.

[15] Ex. 5.

from the April 2002 issue of the *Federal Reserve Bulletin;* and an October 8, 2007 Special Report from A.M. Best Research (Ex. 3);

- A copy of the transmittal letter showing the agency sent a copy of the SONAR to the Legislative Reference Library (Ex. 4);

- The Notice of Hearing as mailed and as published on August 11, 2008 at 33 *State Register* 280 (Ex. 5);

- Certificate of Mailing the Notice of Hearing to the Rulemaking Mailing List and a Certificate of Accuracy of the Mailing List, both dated August 5, 2008 (Ex. 6);

- Certificate of Mailing pursuant to the Additional Notice Plan (Ex. 7);

- A statement detailing that no written comments on the proposed rules were received by the agency during the comment period (Ex. 8);

- Certificate of Mailing to legislative leaders specified by Minn. Stat. 14.116 (Ex. 9);

- Correspondence with Executive Budget Officer Keith Bogut of the Minnesota Department of Finance and Employee Relations; (Ex. 10) and,

- Written testimony of Julia Philips, of the Minnesota Department of Commerce, William F. Burfeind, of the Consumer Credit Industry Association, Christopher H. Hause, of Hause Actuarial Solutions, and Steven D. Ostlie, of Securian Financial Group. (Exs. 11, 12, 13 and 14)

Additional Notice

17. Minnesota Statutes §§ 14.131 and 14.23, require that the SONAR contain a description of the Department's efforts to provide additional notice to persons who may be affected by the proposed rules. As noted above, the Department submitted an additional notice plan to the Office of Administrative Hearings, which reviewed and approved it, with modifications, by way of a letter dated July 22, 2008. In addition to notifying those persons on the Department's rulemaking list and additional notice list, the Department pledged that it would provide notice to the following entities:

- The Consumer Protection Division of the Minnesota Attorney General's Office; and

- The Citizens' Council on Health Care.[16]

[16] *See,* Letter of Hon. Eric L. Lipman (July 22, 2008).

18. The Administrative Law Judge finds that the Department did give notice to those individuals contained in its Additional Notice Plan on August 5, 2008.[17]

Statutory Authority

19. Pursuant to Minn. Stat. § 62B.12, the Department has authority, after notice and a hearing to issue appropriate rules for the supervision of life insurance, accident and health insurance, and involuntary unemployment insurance in connection with loan or other credit transactions.

20. The Administrative Law Judge finds that the Department has the statutory authority to adopt the proposed rules.

Regulatory Analysis in the SONAR

21. The Administrative Procedure Act obliges an agency adopting rules to address seven factors in its Statement of Need and Reasonableness. Those factors are:

> **(1) A description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule.**

22. Among the classes of persons affected by the proposed rules will be insurance company issuers of credit life and credit disability insurance; lender and creditor producers of such insurance including banks; finance companies; credit unions; automobile dealers; retailers; and borrowers.[18]

23. The Department asserts that insurance company issuers and lender creditor producers will bear the costs of premium rate reductions, computer program system changes and insurance policy and certificate form amendments that are associated with the proposed rule. These regulated parties are also slated to benefit from the lower compliance costs associated with the reform of the rate review process.[19]

24. The Department also projects that consumers who seek the types of credit arrangements that are regulated by the proposed rules, will benefit from lower premium rates, expanded menus of policy benefits and more robust consumer protections.[20]

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[17] *See,* Ex. 5.

[18] SONAR at 6.

[19] *Id*.

[20] *Id*. at 4 and 6.

(2) The probable costs to the Agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues.

25. The Department estimates that it will incur approximately $8,000 in rulemaking costs, all or some of which may be passed on to the insurance companies who submit proposed rates for review.[21]

26. The Department likewise estimates that the streamlined rate review procedures will create administrative efficiencies for the agency and better focus its oversight resources on to those companies that deserve additional scrutiny.[22]

27. Under Minnesota law, both credit life and credit accident and health insurers are subject to a state tax of two-percent levied upon the carrier's insurance premiums. The Department asserts that the future effect of the proposed rules upon these premium tax revenues is not clear. The agency notes that if the proposed rules had been in effect in 2006, and the tax applied to the amount of premiums paid in that year, the state's revenue from this tax would have been "somewhat less" than the $1,003,028 that it did capture. This is because the proposed rule has the effect of lowering the premium rates that are charged to Minnesota consumers (and presumably, shrinking the base upon which the tax is levied). Yet, the Department argues that if lower premiums were in place in 2006, these lower prices might have spurred sales of products that are subject to the tax, thereby leveling off or exceeding this differential.[23]

(3) The determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule.

28. In developing the proposed rules the Department reviewed its own enforcement history under the current version of Chapter 2760, the model regulations promulgated by the National Association of Insurance Commissioners (NAIC) and a set of technical suggestions from the Department's actuary, an actuarial consultant and the NAIC consumer representative.[24]

29. While loss ratios for credit life insurance loss and credit accident and health insurance vary considerably from state to state, members of the agency panel established that the Department's preferred 50 percent loss ratio standard is: consonant with the loss ratios demanded by other states; a "self-supporting" standard that can be met by a number of insurance carriers; likely to result in insurance product choices for

[21] *Id*. at 6.

[22] *Id*. and Hearing Testimony of Julia Phillips.

[23] SONAR at 6 – 7.

[24] *Id*. at 7.

consumers that have reasonable rates in relation to their benefits; and the standard that is most often selected by states that regulate loss ratios in this field.[25]

(4) A description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule.

30. The Department's key regulatory purposes underlying the proposed rules are "to protect the interests of debtors and the public in this state by providing a system of rates, policy form, and operating standards for the transaction of credit life and credit accident and health insurance …."[26] The Commissioner considered three methods for achieving this regulatory purpose, namely: (1) a "pure loss ratio" regulatory standard; (2) a "component analysis method" regulatory standard; and (3) a combination of a "pure loss ratio" and a "component analysis method."[27]

31. A "pure loss ratio" regulatory standard would require the Commissioner to establish a minimum loss ratio that insurance companies would target in setting their rates and further require that this loss ratio equal the benefits to consumers divided by the premiums. While this standard is a simple method to administer, the Commissioner rejected this approach. A key shortcoming of a "pure loss ratio" standard is that because the expense and profit portions of the premium either increase or decrease in proportion to overall claims, companies make inadequate expense allowances when near-term claim experience is relatively low and make excessive expense allowances when claim experience is comparatively high.[28]

32. A "component analysis method" regulatory standard would require the Department staff to analyze the statutory components of each rate on a company by company basis, setting a reasonable rate level for each company. While this method is arguably the most equitable, completing an evaluation of the rates of at least 40 different insurance companies, for each period of review, requires a great deal of agency resources.[29]

33. The Department's preferred approach is a hybrid system that blends the beneficial features of each method. By establishing a schedule of premium rates that is expected to produce a 50 percent loss ratio, the proposed rules draw upon the regulatory simplicity of a loss ratio standard. Similarly, by establishing *prima facie* rates that are equal to the current rates now prevalent for credit life insurance, and

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[25] Hearing Testimony of Julia Phillips; Hearing Testimony of Christopher Hause.

[26] Ex. 2 (Proposed Rule 2760.0010).

[27] SONAR at 8.

[28] *Id*.

[29] *Id*.

significantly lower than current rates for credit accident and health insurance, the proposed rules draw upon the equity of the component analysis method.[30]

(5) The probable costs of complying with the proposed rules.

34. The Department projects that the initial compliance costs associated with the proposed rules are approximately $500,000 – eighty percent of which will be borne by insurance companies and twenty percent of which will be borne by lenders and creditors. These costs are associated with programming computer systems and resubmission of outdated forms and premium rates. The Department argues that by permitting compliance with the new rules within 180 days of their effective date, insurance companies may be able to avoid some of the compliance costs associated with the new rules by updating their processes and materials alongside changes made in the regular course of their businesses.[31]

(6) The probable costs or consequences of not adopting the proposed rule, including those costs borne by individual categories of affected parties, such as separate classes of governmental units, businesses, or individuals.

35. The Department asserts that among the probable consequences of not adopting the proposed rules are: increased instability and uncertainty in this domain of the insurance market; increases in the number of firms exiting the Minnesota market for the products regulated by the proposed rules; decreases in the amount of premium tax revenue captured by the state as lenders and creditors choose other, non-regulated debt protection products; and impacts to agency staff time as the Department continues to administer a less-effective set of regulatory standards.[32]

(7) An assessment of any differences between the proposed rules and existing federal regulation and a specific analysis of the need for and reasonableness of each difference.

36. The Department asserts that the proposed rules fit into a regulatory gap that is alongside, and not inconsistent with either the Federal Truth in Lending Act or the Act's implementing regulations – "Regulation Z" found in 12 C.F.R. Part 226. The Department notes that the Truth in Lending Act provides that voluntary credit insurance premiums may be excluded from loan finance charges so long as the insurance coverage is not required to complete the transaction; certain disclosures to the consumer are made; and the consumer signs an affirmative written request for coverage.[33]

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[30] *Id*. at 8 – 9.

[31] *Id*. at 9.

[32] *Id*.

[33] *Id*. at 9 – 10; *see also,* 12 C.F.R. § 226.4 (d) (2008).

Performance-Based Rules

37. The Administrative Procedure Act[34] also requires an agency to describe how it has considered and implemented the legislative policy supporting performance based regulatory systems. A performance based rule is one that emphasizes superior achievement in meeting the agency's regulatory objectives and maximum flexibility for the regulated party and the agency in meeting those goals.[35]

38. The Department asserts that the proposed rules are performance-based, particularly because the rules permit alternate methods of establishing the reasonableness of premium rates to be charged by providers of credit life and credit accident and heath insurance, and because the set of *prima facie* rates will themselves undergo a triennial review by Department staff.[36]

Consultation with the Commissioner of Finance

39. Under Minn. Stat. § 14.131, the agency is also required to "consult with the commissioner of finance to help evaluate the fiscal impact and fiscal benefits of the proposed rule on units of local government."

40. On June 4, 2008, the Department sent draft copies of the proposed rules and the SONAR to Executive Budget Officer Keith Bogut.[37]

41. By way of a Memorandum dated June 25, 2008, Mr. Bogut opined that because the proposed rules "are intended for individuals, units of government would not benefit from entering into such contracts, and therefore are unlikely to bear any costs related to the proposed changes."[38]

42. The Administrative Law Judge finds that the Department has met the requirements set forth in Minn. Stat. § 14.131 for assessing the impact of the proposed rules, including consideration and implementation of the legislative policy supporting performance-based regulatory systems.

Analysis Under Minn. Stat. § 14.127

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[34] Minn. Stat. § 14.131 (2006)

[35] Minn. Stat. § 14.002 (2006).

[36] SONAR at 10.

[37] Ex. 11.

[38] *Id*.

43. After July 1, 2005, under Minn. Stat. § 14.127, the Department must "determine if the cost of complying with a proposed rule in the first year after the rule takes effect will exceed $25,000 for: (1) any one business that has less than 50 full-time employees; or (2) any one statutory or home rule charter city that has less than ten full-time employees."[39] The Department must make this determination before the close of the hearing record, and the Administrative Law Judge must review the determination and approve or disapprove it.[40]

44. The Department established that the proposed rule amendments will not cost businesses with fewer than fifty employees or small city governments more than $25,000 in the first year of enactment.[41]

45. The Administrative Law Judge finds that the agency has made the determination required by Minn. Stat. § 14.127 and approves that determination.

Rulemaking Legal Standards

46. The delegation of rulemaking authority in favor of the Department in this instance is very broad. Under Minn. Stat. § 62B.12, the Legislature authorized the Commissioner of Commerce to "after notice and hearing, issue rules the commissioner deems appropriate for the supervision of sections 62B.01 to 62B.14."

47. Further, under Minn. Stat. § 14.14, subd. 2, and Minn. Rule 1400.2100, a determination must be made in a rulemaking proceeding as to whether the agency has established the need for and reasonableness of the proposed rule by an affirmative presentation of facts. In support of a rule, an agency may rely upon "legislative facts" – namely general facts concerning questions of law, policy and discretion – or it may rely upon its considered interpretation of a statute or stated policy preferences.[42] The Department prepared a Statement of Need and Reasonableness (SONAR) in support of the proposed rules. At the hearing, the Department relied upon the SONAR and the testimony of its panelists as its affirmative presentation of need and reasonableness for the proposed rules.

48. The question of whether a rule has been shown to be reasonable focuses upon whether it has been shown to have a rational basis that is grounded in the rulemaking record. Minnesota case law has equated an unreasonable rule with an arbitrary rule.[43] An arbitrary or unreasonable agency action is an action without

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[39] Minn. Stat. § 14.127, subd. 1 (2006).

[40] Minn. Stat. § 14.127, subd. 2 (2006).

[41] Ex. 11.

[42] *See, Mammenga v. Department of Human Services*, 442 N.W.2d 786 (Minn. 1989); *Manufactured Housing Institute v. Pettersen*, 347 N.W.2d 238, 244 (Minn. 1984).

[43] *See, In re Hanson*, 275 N.W.2d 790 (Minn. 1978); *Hurley v. Chaffee*, 43 N.W.2d 281, 284 (Minn. 1950).

consideration of the facts and circumstances of the case.[44] Further, a rule is generally found to be reasonable if it is rationally related to the end sought to be achieved by the governing statute.[45]

49. The Minnesota Supreme Court has further defined an agency's burden in adopting rules by requiring it to "explain on what evidence it is relying and how the evidence connects rationally with the agency's choice of action to be taken."[46] An agency is entitled to make choices between possible approaches as long as the choice made is rational. Generally, it is not the proper role of the Administrative Law Judge to determine which policy alternative presents the "best" approach, because such a determination would invade the policy-making authority that has been delegated to the agency by the Minnesota Legislature. Accordingly, during a later review of the proposed rules, the inquiry is whether the choice made by the agency is one that a rational person could have made under the circumstances.[47]

50. In addition to need and reasonableness, the Administrative Law Judge must also assess other factors; namely: whether the agency has complied with rule adoption procedures; whether the rule grants undue discretion; whether the Department has statutory authority to adopt the rule; whether the rule is unconstitutional or illegal; whether the rule constitutes an undue delegation of authority to another entity; or whether the proposed language is not a rule.[48]

51. The proposed rules were not opposed and were adequately supported by the SONAR, hearing testimony and hearing exhibits. Accordingly, a detailed discussion of each section of the proposed rules is not necessary.

52. The Administrative Law Judge finds that the Department has demonstrated by an affirmative presentation of the facts, the need for, and reasonableness of, all of the proposed rules. The proposed rules are authorized by statute and there are no other shortcomings that would prevent the adoption of these rules.

Based upon the foregoing Findings of Fact, the Administrative Law Judge makes the following:

CONCLUSIONS

1. The Minnesota Department of Commerce gave proper notice of the hearing in this matter.

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[44] *See, Greenhill v. Bailey*, 519 F.2d 5, 19 (8th Cir. 1975).

[45] *See, Mammenga*, 442 N.W.2d at 789-90; *Broen Memorial Home v. Department of Human Services*, 364 N.W.2d 436, 444 (Minn. App. 1985).

[46] *See, Manufactured Housing Institute*, 347 N.W.2d at 244.

[47] *See, Federal Security Administrator v. Quaker Oats Co.*, 318 U.S. 218, 233 (1943).

[48] Minn. R. 1400.2100 (2005).

2. The Department has fulfilled the procedural requirements of Minn. Stat. § 14.14 and all other procedural requirements of law or rule.

3. The Department has demonstrated its statutory authority to adopt the proposed rules and has fulfilled all other substantive requirements of law or rule within the meaning of Minn. Stat. §§ 14.05, subd. 1, 14.15, subd. 3, and 14.50 (i) and (ii).

4. The Department has demonstrated the need for and reasonableness of the proposed rules by an affirmative presentation of facts in the record within the meaning of Minn. Stat. §§ 14.14, subd. 4 and 14.50 (iii).

5. Any Findings that are more properly characterized as Conclusions are hereby adopted as such and incorporated by reference. Any Conclusions that are more properly characterized as Findings are hereby adopted as such and incorporated by reference.

6. A finding or conclusion of need and reasonableness in regard to any particular rule subsection does not preclude, and should not discourage, the Department from further modification of the proposed rules based upon an examination of the public comments; provided that the rule finally adopted is based upon the facts appearing in this rule hearing record.

Based upon the foregoing Conclusions, the Administrative Law Judge makes the following:

RECOMMENDATION

IT IS HEREBY RECOMMENDED that the proposed rules be adopted.

Dated: October 17, 2008

/s/ Eric L. Lipman

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ERIC L. LIPMAN
Administrative Law Judge

Reported: Digitally Recorded

NOTICE

The Department must make this Report available for review by anyone who wishes to review it for at least five working days before it may take any further action to adopt final rules or to modify or withdraw the proposed rules. If the Department makes changes in the rules, it must submit the rules, along with the complete hearing record, to the Chief Administrative Law Judge for a review of those changes before it may adopt the rules in final form.

After adopting the final version of the rules, the Department must submit this version to the Revisor of Statutes for a review as to its form. If the Revisor of Statutes approves the form of the rules, the Revisor will submit certified copies to the Administrative Law Judge, who will then review the same and file them with the Secretary of State. When the final rules are filed with the Secretary of State, the Administrative Law Judge will notify the Department, and the Department will notify those persons who requested to be informed of their filing.